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August 11, 2006

AGENDA ITEM 4a

TO: MEMBERS OF THE INVESTMENT POLICY SUBCOMMITTEE

- I. SUBJECT:** Repeal of Passive Domestic Small Capitalization Equities – Externally Managed Policy
- II. PROGRAM:** Global Equity
- III. RECOMMENDATION:** Recommend to the Investment Committee the repeal of the Statement of Investment Policy for Passive Domestic Small Capitalization Equities – Externally Managed

IV. ANALYSIS:

On August 18, 2003 the Investment Committee approved moving the externally managed passive small capitalization portfolio to an internally managed portfolio. This action made the Passive Domestic Small Capitalization Equities – Externally Managed Policy (Attachment 1) obsolete. This agenda requests a repeal of the Passive Domestic Small Capitalization Equities – Externally Managed Policy. The current internally managed small capitalization portfolio is covered by the Statement of Investment Policy for Equity Index Funds – Internally Managed as shown in Attachment 2.

V. STRATEGIC PLAN:

This item supports Goal VIII to manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.

VI. RESULTS/COSTS:

There are no costs associated with this item.

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